Financial Report

For the Year Ended September 30, 2012

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(A Corporation of Certified Public Accountants)

#### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Commissioners Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana Centerville, Louisiana E. Larry Sikes, CPA/PFS, CVA, CFP® Danny P. Frederick, CPA Clayton E. Darnall CPA CVA Eugene H. Darnall, III, CPA Stephanie M. Higginbotham, CPA John P. Armato, CPA/PFS J. Stephen Gardes, CPA, CVA Jennifer S. Ziegler, CPA/PFS, CFP® Chris A. Miller, CPA, CVA Steven G. Moosa, CPA M. Rebecca Gardes, CPA Joan B. Moody, CPA Lauren V. Hebert, CPA/PFS Barbara Ann Watts, CPA/CFE Stephen R. Dischler, MBA, CPA Pamela Mayeux Bonin, CPA, CVA Erich G. Loewer, III, CPA, M.S. Tax Craig C. Babineaux, CPA/PFS, CFP® Jeremy C. Meaux, CPA Chad M. Bailey, CPA

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Dustin B. Baudim, CPA, MBA
Kevin S. Young, CPA
Adam J. Curry, CPA
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Christy S. Dew, CPA, MPA
Blaine M. Crochet, M. S. CPA
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA, MBA
Jacob C. Roberie, CPA/PFS
Kyle P. Saltzman, CPA
Christine A. Guidry, CPA, MBA
Brandon L. Porter, CPA
Tanya S. Nowlin, Ph.D. CPA
Elise B. Faucheaux, CPA
Nicole B. Bruchez, CPA, MBA
Brandon R. Dunphy, CPA
Seth C. Nornis, CPA
W. Kyle George, CPA, MBA
Mary Catherine Hollier, CPA

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana (hereinafter "District"), component unit of the St. Mary Parish Council, as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The budgetary comparison information on page 22 is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic

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Society of Louisiana Certified Public Accountants financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana June 3, 2013 BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## Statement of Net Assets September 30, 2012

	Governmental Activities		
ASSETS			
Cash and interest-bearing deposits	\$	9,806	
Investments		228,114	
Prepaid expenses		3,498	
Capital assets, net		638,678	
TOTAL ASSETS	\$	880,096	
LIABILITIES			
Accounts payable	\$	8,998	
NET ASSETS			
Invested in capital assets, net of related debt		638,678	
Unrestricted		232,420	
TOTAL NET ASSETS	\$	871,098	

# Statement of Activities For the Year Ended September 30, 2012

			Prog	gram		
			Rev	enues		
			Ca	pital	Net	(Expense)
			Gran	its and	Revenu	e and Changes
Functions/Programs	Е	xpenses	Contri	ibutions	in l	Net Assets
Governmental activities:						
Public Safety:						
Fire Protection	\$	192,064	\$	-	\$	(192,064)
	Gen	eral revenue	<b>:</b> :			
	Pr	operty taxes	S			198,706
	Ot	her Income				13,826
	In	terest and in	vestment	earnings	_	310
	Tota	l general re	venue		93 <del>1</del>	212,842
	Cha	nge in net as	ssets			20,778
	Net	assets - Oct	tober 1, 20	011	10 <del>-</del>	850,320
	Net	assets - Sep	tember 3	0, 2012	\$	871,098

FUND FINANCIAL STATEMENTS

## Balance Sheet – Governmental Fund September 30, 2012

		General
		Fund
ASSETS		
Cash and interest-bearing deposits	\$	9,806
Investments	-	228,114
TOTAL ASSETS	\$	237,920
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$	8,998
FUND BALANCE		
Unassigned	8	228,922
TOTAL LIABILITIES AND FUND BALANCE	\$	237,920

## Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets September 30, 2012

Total fund balance for the governmental fund at September 30, 2012		\$ 228,922
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Expenses paid during the year but attributable to periods after the current year	ear	
(primarily insurance) are recorded as prepaid expenses in the statement o		3,498
(		######################################
Capital assets used in governmental activities are not financial resources		
and, therefore, are not reported in the funds. Those assets consist of:		
Fire truck, net of \$264,530 accumulated depreciation	211,418	
Equipment, net of \$51,237 accumulated depreciation	47,351	
Fire hydrants, net of \$17,484 accumulated depreciation	17,678	
Building, net of \$191,001 accumulated depreciation	347,231	
Land	15,000	
Total		638,678
Net assets at September 30, 2012		\$ 871,098

## Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund For the Year Ended September 30, 2012

	(	General Fund
Revenues:		
Local sources-		
Intergovernmental - property taxes	\$	198,706
Insurance recoveries		9,634
Interest income		310
Miscellaneous	Ñ	4,192
Total revenues		212,842
Expenditures:		
Current-		
Public safety		
Fire protection		
General administrative		5,632
Insurance		24,549
Materials and supplies		18,017
Personal services		30,710
Professional services		3,200
Rent		5,219
Repairs and maintenance		28,327
Training		3,955
Travel		5,073
Utilities		5,229
Capital outlay	W.	6,167
Total expenditures	<u> </u>	136,078
Net change in fund balance		76,764
Fund balance, beginning	<u> </u>	152,158
Fund balance, ending	\$	228,922

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities For the Year Ended September 30, 2012

Total net change in fund balance for the year ended September 30, 2012 per Statement of Revenues, Expenditures, and Changes in Fund Balance		\$	76,764
The change in net assets reported for governmental activities in the Statement of Activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on Statement			
of Revenues, Expenditures, and Changes in Fund Balance	6,167		
Depreciation expense for the year ended September 30, 2012	(60,369)		(54,202)
Expenses attributable to periods beyond the current year are not reported as current year expenses in the Statement of Activities			(1,784)
current year expenses in the statement of Activities		÷	(1,/04)
Total changes in net assets for the year ended September 30, 2012 per Statement of Activities		\$	20,778

#### Notes to the Financial Statements

#### INTRODUCTION

Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 990 of the St. Mary Parish Council on July 9, 1986. The District encompasses Ward Four of the Parish of St. Mary, State of Louisiana. The purpose of the District is to provide equipment to the Centerville Volunteer Fire Department and to reimburse them for fire protection expenses. The Centerville Volunteer Fire Department is located within the district which encompasses Fire Protection District No. 2.

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies:

### Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- 1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the Parish Council to impose its will on the organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
- 2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Council, the financial reporting entity. The accompanying financial statements present information only on the

#### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds maintained by the District and do not present information on the Parish Council, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

#### Basis of Presentation

The accompanying basic financial statements of the Fire Protection District No. 2 of the Parish of St. Mary have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

#### Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the District and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### **Fund Financial Statements**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into one category: governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues,

#### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

or expenditures of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be the major fund.

The major fund of the District is described below:

Governmental Fund -

#### General Fund

This fund is the primary operating fund of the District and it accounts for the operations of the District's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

### Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. The District uses the following practices in recording certain revenues and expenditures:

#### Revenues

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the tax assessments are received from the parish tax collector.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

#### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

#### Assets, Liabilities, and Equity

#### Cash and interest-bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits.

Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

#### Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At September 30, 2012, all of the District's investments are in LAMP, which are stated at amortized cost.

#### Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing assets.

Capital assets are recorded in the Statement of Net Assets and Statements of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

#### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Years
Fire Truck	15
Equipment	5-15
Fire Hydrants	20
Building	25

#### Capitalized Interest

The District capitalizes interest costs and interest earned as part of the cost of constructing various projects when material. The District capitalized no interest for the year ended September 30, 2012.

### **Equity Classifications**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- 1. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- 2. Restricted net assets consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional, provisional or enabling legislation.
- 3. Unrestricted net assets all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with GASB 54 as follows:

- Nonspendable amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted amounts that can be spent only for specific purposes because of
  constitutional provisions or enabling legislation or because of constraints that are
  externally imposed by creditors, grantors, contributors, or the laws or regulations of
  other governments.

#### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3. Committed amounts that can be used only for specific purposes determined by a formal action of the board of commissioners. The board of commissioners is the highest level of decision-making authority for the district. Commitments may be established, modified, or rescinded only through resolutions approved by the commissioners.
- 4. Assigned amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used only for specific purposes.
- 5. Unassigned all other spendable amounts

#### **Budgetary Practices**

The District prepares and adopts a budget in accordance with Louisiana Revised Statute 39:1301 et seq. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor normal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made.

#### Subsequent Events

Management has evaluated subsequent events through June 3, 2013, the date the financial statements were available to be issued.

#### NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

At September 30, 2012, the District has eash balances (book balances) totaling \$9,806.

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2012, the District has \$9,806 in deposits (bank balances).

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2012, the District's total bank balances were fully insured by federal deposit insurance and, therefore, not exposed to custodial credit risk.

#### Notes to the Financial Statements

#### NOTE 3 INVESTMENTS

State law allows the District to invest in direct United States Treasury obligations, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies of U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; savings account or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporations.

Custodial credit risk is defined as the risk that, in the event of failure of counterparty, the District will not be able to recover the value of its investment. The District's investment policy conforms to state law, as described above, which has no provision for custodial credit risk.

Concentration of credit risk relates to the amount of investments in any one entity. At September 30, 2012, the District had no investments in any entity which exceeded 5% of total investments, except obligations of federal and state agencies.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is defined as the risk that any insurer or other counterparty to an investment will not fulfill its obligations. The District invested only in obligations of federal or state agencies which are not rated. The types of investments allowed by state law ensure that the District is not exposed to credit risk.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted Louisiana Revised Statute 33:2955(A)(1)(h) which allows all municipalities, parishes, cities, and any other political

#### Notes to the Financial Statements

#### NOTE 3 INVESTMENTS (CONTINUED)

subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the value of the pool shares.

For purposes of determining participants' shares, investments are valued at amortized cost. GASB Statement No. 31 requires that investments, which fall within the definitions of said statement, be recorded at fair value. However, Statement No. 31 also states that investments in an external investment pool can be reported at amortized cost if the external investment pool operates in a manner consistent with the Security Exchange Commission's (SEC's) Rule 2a7. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2a7.

LAMP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130, or by calling (800) 249-5267.

At September 30, 2012, the District's investments totaled \$228,114 as follows:

Description	Category	Rate	Cost	Market Value
LAMP	- T = 15			
Government-wide statement of net assets	N/A	Variable	<u>\$228,114</u>	\$228,114

#### NOTE 4 AD VALOREM TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. The taxes are delinquent by January 1 at which time an enforceable lien is attached to the property. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. Most of the taxes are actually received in January and February.

Ad valorem taxes are budgeted and recorded in the year collected. For the year ended September 30, 2012, taxes applicable to the District's General Fund were levied at the rate of 3.92 mills on property with net assessed valuations totaling \$53,600,132.

### Notes to the Financial Statements

### NOTE 4 AD VALOREM TAXES (CONTINUED)

Total taxes levied during 2012 were \$210,113.

#### NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

	Ι	Balance					E	Balance
	9/	/30/2011	A	Additions		etions	9/30/2012	
Governmental Activities:								
Land	\$	15,000	\$	-	\$	-	\$	15,000
Fire Truck		475,948		-		-		475,948
Equipment		97,441		1,147				98,588
Fire Hydrants		35,162		-		-		35,162
Building	_	533,212	1/2	5,020	8			538,232
Tota1	1	,156,763		6,167		-	1	,162,930
Less accumulated depreciation								
Fire Truck		230,630		33,900		-		264,530
Equipment		48,453		2,784		_		51,237
Fire Hydrants		15,726		1,758		-		17,484
Building		169,074		21,927		_		191,001
Total		463,883		60,369	V-		9	524,252
Net capital assets	\$	692,880	\$	(54,202)	\$	-	\$	638,678

Depreciation expense in the amount of \$60,369 was charged to public safety.

### NOTE 6 COMPENSATION PAID TO BOARD MEMBERS

The schedule of compensation paid to the board of supervisors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Broussard, Alton	\$	360
Higdon, John		390
Judice, Wilson		300
Knight Jr., Ulysses		390
Leblanc, Larry	<u> </u>	300
	<u>\$</u>	1,740

REQUIRED SUPPLEMENTARY INFORMATION

## Budgetary Comparison Schedule General Fund For the Year Ended September 30, 2012

				Variance-
	Buc	dget		Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				3.
Local Sources-				
Intergovernmental - property taxes	\$ 150,100	\$ 150,100	\$ 198,706	\$ 48,606
Insurance Recoveries	-	<b>=</b> ×	9,634	9,634
Interest Income	<b>=</b>	<b>=</b> x	310	310
Other Income			4,192	4,192
Total revenues	150,100	150,100	212,842	62,742
Expenditures:				
Current-				
Public Safety				
Fire Protection				
General administrative	7,300	5,773	5,632	141
Insurance	31,900	29,513	24,549	4,964
Materials and supplies	20,300	18,779	18,017	762
Personal services	30,700	29,758	30,710	(952)
Professional services	3,500	4,950	3,200	1,750
Rent	=	<del>-</del>	5,219	(5,219)
Repairs and maintenance	32,500	37,701	28,327	9,374
Training	7,000	8,152	3,955	4,197
Travel	2,000	2,000	5,073	(3,073)
Utilities	5,700	5,700	5,229	471
Capital outlay	9,200	7,774	6,167	1,607
Total expenditures	150,100	150,100	136,078	14,022
Net change in fund balance	-	=0	76,764	48,720
Fund balance, beginning	152,158	152,158	152,158	
Fund balance, ending	\$ 152,158	\$ 152,158	\$ 228,922	\$ 48,720

REQUIREMENTS OF THE LOUISIANA GOVERNMENTAL AUDIT GUIDE



(A Corporation of Certified Public Accountants)

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Commissioners Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana Centerville, Louisiana E. Larry Sikes, CPA/PFS, CVA, CFP® Danny P. Frederick, CPA Clayton E. Darnall, CPA, CVA Eugene H. Darnall, III, CPA Stephanie M. Higginbotham, CPA John P. Armato, CPA/PFS J. Stephen Gardes, CPA, CVA Jennifer S. Ziegler, CPA/PFS, CFP® Chris A. Miller, CPA, CVA Steven G. Moosa, CPA M. Rebecca Gardes, CPA Joan B. Moody, CPA Lauren V. Hebert, CPA/PFS Barbara Ann Watts, CPA/CFE Stephen R. Dischler MBA CPA Pamela Mayeux Bonin, CPA, CVA Erich G. Loewer, III, CPA, M.S. Tax Craig C. Babineaux, CPA/PFS, CFP® Jeremy C. Meaux, CPA Chad M. Bailey. CPA

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We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana (hereinafter "District") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended September 30, 2012 included in the accompanying Louisiana Attestation Questionnaire. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

No expenditures for material and supplies were made during the year that exceeded \$30,000, nor were there any expenditures for public works made during the year that exceeded \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information. The District has no employees.

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Society of Louisiana Certified Public Accountants 3. Obtain from management a listing of all employees paid during the period under examination.

The District has no employees; therefore, no listing was obtained.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The District has no employees; therefore, we were not able to perform this procedure.

#### Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budgets for the fiscal year ended September 30, 2012.

6. Trace the budget adoption and amendments to the minute book.

We were unable to trace the budget adoption to the minutes. See finding 2012-2 in the Schedule of Findings and Responses.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5%) or more, or if actual expenditures exceed budgeted amounts by five percent (5%) or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

#### Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements. On five of the selected disbursements, we found that payment was for the proper amount, made to the correct payee, properly coded to the correct fund and general ledger account, and approved by the proper authority. One of the selected disbursements, which should have been coded to professional services in the General Fund, was improperly coded to capital outlay in the General Fund. The payment was for the proper amount, made to the correct payee, properly coded to the correct fund, and approved by the proper authority.

#### Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law).

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

#### Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

The District has no employees; therefore, we were not able to perform this procedure.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana June 3, 2013

#### LOUISIANA ATTESTATION QUESTIONNAIRE (For Attestation Engagements of Government)

March 14, 2013

Darnall, Sikes, Gardes & Frederick CPA's 1201 Brashear Ave., Suite 201 Morgan City, LA 70380

In connection with your review of our financial statements as of September 30, 2012 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of March 14, 2013.

#### Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X ] No [ ]

#### Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X ] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X ] No [ ]

#### **Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes[X]No[]

#### **Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X ] No [ ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X | No [ ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X ]No[]

#### Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [X ] No [ ]

#### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [X] No[]

#### **Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [X] No[]

Date

Date

Date

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Treasure

President

Summary Schedule of Prior Year Findings For the Year Ended September 30, 2012

There were no findings noted during the prior year.

### Schedule of Findings and Responses For the Year Ended September 30, 2012

The following findings are related to the review of the District's September 30, 2012 financial statements:

#### 2012-1 Noncompliance with Requirement for Timely Submission of Annual Financial Report

<u>Criteria</u>: Louisiana Revised Statutes 24:513-et. seq., the Louisiana Audit Law, require that annual financial reports of state and local governmental units in Louisiana and their related quasi-public agencies be submitted to the Louisiana Legislative Auditor within six months of the close of each entity's fiscal year.

<u>Condition</u>: The financial report for the fiscal year ended September 30, 2012 audit report was not completed for submission to the Louisiana Legislative Auditor within the time period specified under the Louisiana Audit Law.

<u>Cause:</u> The District was unaware of the threshold under the Louisiana Audit Law which requires a review/attestation engagement to be performed by a Certified Public Accountant instead of a compilation engagement.

<u>Effect</u>: The late submission of the financial report to the Louisiana Legislative Auditor is a violation of the Louisiana Audit Law.

<u>Recommendation:</u> Management should make every effort to comply with the Louisiana Audit Law and submit its annual financial report within the specified time period.

<u>Views of Responsible Officials and Planned Corrective Actions:</u> This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

#### 2012-2 Noncompliance with the Louisiana Local Government Budget Act

<u>Criteria</u>: Louisiana Revised Statutes 39:1301-15, the Louisiana Local Government Budget Act, require that each political subdivision cause to be prepared a budget document setting forth a proposed financial plan for the general fund and each special revenue fund. The budget document should include a budget message and a statement which includes a clearly presented side-by-side detailed comparison of estimated fund balances, revenues, and expenditures; year-to-date actual revenues and estimates of revenues to be received the remainder of the year; year-to-date actual expenditures and estimates of expenditures to be made the remainder of the year; and the percentage change for each item of information. All action necessary to adopt and otherwise finalize and implement the budget shall be taken in open meeting. Additional requirements are outlined in the Revised Statutes.

<u>Condition</u>: The original budget for the year ended September 30, 2012 did not include a budget message or a side-by-side detailed comparison of fund balance, revenues, and expenditures as required by the Louisiana Local Government Budget Act. The minutes of the governing board did not indicate adoption of the budget for the year ended September 30, 2012.

### Schedule of Findings and Responses For the Year Ended September 30, 2012

<u>Cause</u>: The failure to design and implement policies and procedures necessary to ensure compliance with laws and regulations led to this condition.

<u>Effect:</u> Operating without a complete financial plan for the fiscal year could lead to expenditures in excess of funds that are available and does not promote stewardship of public funds.

<u>Recommendation:</u> Policies and procedures should be implemented to ensure preparation of the budget document in accordance with the Louisiana Local Government Budget Act.

<u>Views of Responsible Officials and Planned Corrective Actions:</u> This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

### Management's Corrective Action Plan for Current Year Findings For the Year Ended September 30, 2012

#### Response to Finding 2012-1:

The District was unaware of the threshold under the Louisiana Audit Law which requires a review/attestation engagement to be performed by a Certified Public Accountant instead of a compilation engagement. Prior to its statutory reporting deadline, management engaged a CPA firm to perform a compilation engagement. By the time a determination was made that a review/attestation engagement was required under the Louisiana Audit Law, the statutory reporting deadline was very near. The process to engage an independent CPA to perform the review/attestation engagement was started as soon as this determination was made. The time needed to approve the engagement of an independent CPA along with the increased procedures resulting from the review/attestation engagement led to an inability for the District to comply with the requirement for submission of the annual financial report to the Louisiana Legislative Auditor within the time period under the Louisiana Audit Law. The District will take steps to become more familiar with the Louisiana Audit Law to ensure timely submission of its annual financial report in the future.

Name and Title of Contact Person: John Higdon, Chairman

Anticipated Completion Date: September 30, 2013

### Response to Finding 2012-2:

The District will implement policies and procedures to ensure that future proposed budgets are prepared in compliance with the Louisiana Local Government Budget Act.

Name and Title of Contact Person: John Higdon, Chairman

Anticipated Completion Date: September 30, 2013